

BEFORE THE
Federal Communications Commission
WASHINGTON, D.C.

In the Matter of

Comcast Corporation's
Request for Waiver of
47 C.F.R. § 76.1204(a)(1)

)
) CSR-7012-Z
)
) CS Docket No. 97-80
)

COMMENTS OF PACE MICRO TECHNOLOGY PLC

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February 14, 2007

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COMMENTS OF PACE MICRO TECHNOLOGY PLC

Pace Micro Technology plc ("Pace") hereby submits these comments in support of Comcast's Application for Review filed in the above-captioned proceedings.¹ On April 19, 2006, Comcast filed a petition seeking a waiver of the Commission's integration ban rule for certain low-cost, limited-capability set-top boxes, including the Pace Chicago box.² The Media Bureau denied the waiver request on January 10, 2007,³ and that decision has now been appealed

¹ See *In the Matter of Comcast Corporation's Request for Waiver of 47 C.F.R. § 76.1204(a)(1)*, Application for Review, CS Dkt. No. 97-80, CSR-7012-Z (Jan. 30, 2007) ("Application for Review"). Pace is a leading provider of digital set-top boxes in the global marketplace and has shipped over 24 million set-top boxes since its founding in 1982, including over 16 million digital set-top boxes.

² See *In the Matter of Comcast Corporation's Request for Waiver of 47 C.F.R. § 76.1204(a)(1)*, Request for Waiver, CS Dkt. No. 97-80, CSR-7012-Z (Apr. 19, 2006) ("Comcast Waiver Request"). Pace filed comments in support of the Comcast Waiver Request. See Pace Comments, filed in CS Dkt. No. 97-80, CSR-7012-Z (June 15, 2006) ("Pace Comments").

³ See *In the Matter of Comcast Corporation's Request for Waiver of 47 C.F.R. § 76.1204(a)(1)*, Mem. Opin. & Order, DA 07-49 (rel. Jan. 10, 2007) ("Waiver Order").

by Comcast. Pace respectfully urges the Commission to grant Comcast's Application for Review and approve, at the earliest possible opportunity, Comcast's request for waiver.

As Pace explained in its original comments in the waiver proceeding, the Chicago set-top box is a low-cost, limited-capability box that can be deployed in cable systems utilizing Motorola or Scientific-Atlanta headend equipment.⁴ The box enables cable customers with analog television sets to access digital programming and services, including video-on-demand ("VOD"), an electronic program guide ("EPG"), and parental controls. The Pace Chicago box, however, cannot be used to record programming, output HD signals, tune multiple channels of video programming, or access the Internet, nor does it include an analog tuner.⁵

Pace underscored in its comments the importance of the Comcast Waiver Request to the growth of competition in the cable set-top box business in the U.S. marketplace.⁶ Pace is the leading "second source" set-top box provider to U.S. cable operators and has built a family of products that incorporate innovative, low-cost designs that can work on both Motorola and Scientific-Atlanta headends. Pace is affording cable operators greater diversity, competitive alternatives, and choice in set-top box design, features, and capabilities. Such enhanced

⁴ See Pace Comments at 2-3. Pace has two versions of the set-top box for the U.S. market: the DC-501P, for cable systems utilizing Scientific-Atlanta headend equipment, and the DC-505D, for cable systems using Motorola headend equipment.

⁵ Contrary to the suggestion in the *Waiver Order*, the optional USB port on the Pace Chicago set-top box does not somehow convert this limited-capability device into a "functional PVR." See *Waiver Order* ¶ 25. As Comcast explained in its Application for Review, Comcast has no current plans to use this optional feature and, even if it had such plans, the Chicago box would still have no ability to store content. See Application for Review at 9-10 (also noting that Comcast offered to remove the optional feature from the Pace Chicago box when it learned of the Media Bureau's concerns with the USB port).

⁶ See Pace Comments at 4. Pace made similar arguments in support of a waiver request for low-cost boxes filed by Charter. See Pace Comments, filed in CS Dkt. No. 97-80, CSR-7049-Z, at 4 (Sept. 18, 2006).

competition translates into greater equipment options and lower costs for operators and consumers alike.

The simple fact is that Pace cannot build a low-cost box at or near the same price point as the Chicago box if it is required to incorporate a CableCARD into the box. As Comcast and numerous commenters in the waiver proceeding have noted,⁷ including a CableCARD and the CableCARD interface would add substantially to the price of the Pace Chicago and other low-cost, limited-capability boxes.

Pace also responds here to statements in the *Waiver Order* regarding one-way set-top boxes. The Media Bureau concludes in the *Waiver Order* that the waiver process established in the Commission's 2005 *Integration Ban Order* should be limited to one-way devices. In support of that decision, the Media Bureau cites to a "set-back" device known as the Digital Cable Adapter that was exhibited by Pace at the 2004 NCTA Convention.⁸ However, contrary to the suggestion in the *Waiver Order*, the display of the Digital Cable Adapter at the cable show almost three years ago does not demonstrate that such a one-way set-top box could be commercially viable in the U.S. marketplace. Pace's experience with the Digital Cable Adapter proves the opposite. Pace ultimately decided *not* to manufacture the device because there was *no* marketplace interest in a one-way set-top box.⁹ Rather, U.S. marketplace demand has focused on *two-way* digital set-top boxes that provide access to VOD, an EPG, and other interactive

⁷ See, e.g., Comcast Waiver Request at 17; Comcast Reply, filed in CSR-7012-Z, at 17 (June 30, 2006).

⁸ See *Waiver Order* ¶ 26 n.97.

⁹ Indeed, the Media Bureau acknowledges this fact in noting that the Digital Cable Adapter "was never mass produced due to a lack of interest from cable operators." *Id.*

services. *In fact, every digital set-top box Pace has ever deployed in the U.S. has been two-way to meet that marketplace demand.*

For the foregoing reasons, and those set forth in the Application for Review and Pace's earlier comments, Pace respectfully asks that the Commission grant Comcast's Application for Review and approve its request for waiver of the integration ban for the Pace Chicago set-top boxes and similar low-cost, limited-capability devices.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Michael V. Pulli, hereby certify that, on February 14, 2007, copies of the attached Comments of Pace Micro Technology plc, were served via regular mail, on the following:

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